GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA

STARRED QUESTION NO:142
ANSWERED ON:04.05.2016
Growth of Telecom Services
Datta Shri Sankar Prasad

Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) the growth of telecom services and telecom equipment manufacturing recorded during the last three years and the current year;

(b) whether the Government proposes to prepare a strategic plan to steer the telecom sector"s growth in terms of services and manufacturing capacity and capabilities into the next phase in the country; and

(c) if so, the details thereof along with the key areas likely to be identified for growth?

Answer

THE MINISTER OF COMMUNICATIONS AND INFORMATION TECHNOLOGY
(SHRI RAVI SHANKAR PRASAD)

(a) to (c) A Statement is laid on the Table of the House.

STATEMENT TO BE LAID ON THE TABLE OF THE LOK SABHA IN RESPECT OF PARTS (a) TO (c) OF LOK SABHA STARRED QUESTION NO. 142 FOR 4th MAY, 2016 REGARDING "GROWTH OF TELECOM SERVICES".

(a), (b) & (c):

DIGITAL ROADMAP

The Government of India has, in last two years, played a very pro-active role in encouraging the spread of both telecom services and manufacturing of telecom equipments in the country. The Government is committed to a widespread use of Digital Technologies which include Cloud Computing and Mobile Applications that have emerged as catalysts for rapid economic growth and citizen empowerment across the globe. They help us to connect with each other and also to share information on issues and concerns faced by us. In some cases they also enable resolution of those issues in near real time.

Hon'ble Prime Minister envisions transforming our nation and creating opportunities for all citizens by harnessing digital technologies. His vision is to empower every citizen with access to digital services, knowledge and information. The Government is working towards the aim of coming up with policies and best practices from around the world to make this vision of a digital India a reality.

The Government of India hopes to achieve growth on multiple fronts with the Digital India Programme. Specifically, the government aims to target nine "Pillars of Digital India" that they identify as being:

1. Broadband Highways
2. Universal Access to Mobile Connectivity
3. Public Internet Access Programme
4. e-Governance − Reforming Government through Technology
5. eKranti - Electronic delivery of services
6. Information for All
7. Electronics Manufacturing
8. IT for Jobs
9. Early Harvest Programmes

IMPORTANCE OF TELECOM

Growth in telecom services and, consequently, that in manufacturing of telecom equipments, lie in the core of the Government's pro-active efforts in achieving Digital India since the telecommunication is the primary medium through which the benefits can be accessed by the common people, both in the rural and the urban areas. The communication network is the core of the digital infrastructure/ network and communication strategy so vitally required for Digital India.

POLICY INITIATIVES IN LAST TWO YEARS

The Government has taken many pro-active steps and adopted many policy measures in the last two years to promote and incentivize telecom sector's growth in terms of services and manufacturing capacity.

Some of these measures for promotion of telecom sector's growth in terms of services are:

(i) Spectrum Sharing, (ii) Spectrum Trading, (iii) Liberalisation (iv) Harmonisation (v) Mobile Number Portability, (vi) Implementation of BharatNet project, (vii) Amendment in licence in permitting sharing of active infrastructure, etc.

Some of these measures for promotion of telecom sector's growth in terms of manufacturing capacity and capabilities are:

(i) 100% FDI under automatic route (ii) Introduction of various reliefs in terms of custom and excise duties, (iii) Formulation of Electronic Development Fund Policy 2014 (iv) Providing parity between domestically produced goods and imported goods in certain cases, (v) Providing preference to domestic manufacturers in certain cases, (vi) Development of standards for telecom by TSDSI, etc.

Important achievements during last two years

â€¢ Spectrum auction was transparently, expeditiously and successfully concluded on 26th March, 2015. As against the approved reserve price of Rs. 80277 crore, the auction fetched a record highest ever realization of Rs.109875 cr.
â€¢ The Government has decided to conduct the next round of Spectrum Auction in 700/800/900/1800/2100/2300/2500 MHz bands in near future.
â€¢ Various policy guidelines pending for more than 7 − 10 years like spectrum sharing, spectrum trading , liberalization of administratively allotted spectrum, Defence Band identification and Defence Interest Zone which will lead to enhanced efficiency in the use of spectrum and improvement in the quality of service.
â€¢ A new category of unified license for virtual network operators is proposed to be introduced shortly. They would be known as Mobile Virtual Network Operators (MVNO).
â€¢ The 'Digital India' programme aims at connecting all Gram Panchayats by broadband Internet, promote e-governance and transform India into a connected knowledge economy.
â€¢ In order to enable citizen to access internet, BSNL has commissioned 2504 Wi-Fi hotspots at over 1227 locations.
â€¢ Starting next year, all mobile phones sold in India will come with a dedicated "panic button" that is aimed at improving the safety of women and ensuring a quick response from security agencies.
â€¢ The Quality of Service issues have never been looked into so seriously and monitored as are being now.

THE MYRIAD ASPECTS OF GROWTH IN TELECOM

All these efforts of the Government are manifest in the growth in both.

TELECOM SERVICES

The telecom services have registered growth in all components. The number of telephone lines (telephone connections) has registered growth rates of 3.90%, 6.76% and 5.65%, respectively, in the years 2013-14, 2014-15 and 2015-16 (till February). The accelerated growth rate is evident from these figures. The number of telephone connections is the most important parameter in the area of telecom services since neither voice nor data communications can be made unless and until there are telephone connections.

The most striking feature of this growth in telecom services is that the number of telephone connections in Rural India has increased much more rapidly during these years, vis-Ã -vis the Urban India. So much so that, in effect, the high growth rate in the number of telecom connections in the country is almost solely due to the growth rate in the number of the same in Rural India.

The number of rural telephone lines (telephone connections) has registered growth rates of 8.18%, 10.14% and 6.23%, respectively, in the years 2013-14, 2014-15 and 2015-16 (till February). During the same years, the number of urban telephone lines (telephone connections) has registered growth rates of 1.17%, 4.47% and 5.23%, respectively.

Both the total number of telephone (the total of wireless and wire line) connections and the total number of wireless connections have crossed the One-Billion mark in the current Financial Year. Today, with more than 1 billion connections, India is the country second in number, only after China.

This fact, when juxtaposed over the facts of more than 1 billion Aadhar identity cards (as on date) and 21.68 Crore Bank Accounts opened under the Prime Minister Jan Dhan Yojana (out of which as many as 9.68 Crore are Aadhar-seeded) and 17.89 Crore Rupay Cards issued (as on April 27, 2016), would make it evident how the Government's people-oriented and rural-oriented development strategies are bearing fruits.

As far as the telecom services are concerned, the absolute numbers of telephone connections added during last three years and current year is as under (as compared to the FY preceding the reference FY):

<pre>
Year 2012-13 2013-14 2014-15 2015-16 (up to February 2106)
Total no. of telephone connections in million -53.33 35.00 63.11 56.25
</pre>

Source: DoT

It may be noted that, in absolute terms, in 2012-13, the total number of connections decreased in comparison with the same in the previous Financial Year but, after that, it has increased steadily and, in last two years, it has registered high growth rates even with an already high base.

The overall teledensity increased from 75.23% in March, 2014 to 82.93% in February, 2016 while, during the period April, 2012 to March, 2014,the teledensity declined from 78.66% in April, 2012 to 75.23% in March, 2014. Rural teledensity is 50.63% as in February, 2016. It increased by 6.62% during April, 2014 to February, 2016.

The detailed break-up of the last three years in terms of wire line and wireless connections and Internet/ Broadband connections may please be found below.

<pre>

Sl.No. Figures (in million)
As on 31st Mar., 2013 As on 31st Mar., 2014 As on 31st Mar., 2015 As on 29th Feb., 2016
1 Total landline telephones 30.21 28.50 26.59 25.21
2 Total mobile telephones 867.81 904.52 969.54 1027.17
3 Total Telephones 898.02 933.02 996.13 1052.38

Source: DoT

Sl.No. Figures (in million)
As on 31st Mar., 2013 As on 31st Mar., 2014 As on 31st Mar., 2015 As on 31st Dec., 2015
1 Broadband subscribers 15.05 60.87 99.19 136.53
2 Internet subscribers 164.81 251.58 302.33 331.67*
</pre>

Source: TRAI

* It may please be noted that, as per the ISPs, the total number of the Internet subscribers has crossed 400 million mark already. The TRAI data shows the position till December, 2015.

These figures imply growth rates of 62.97% and 37.63%, respectively, for Broadband subscribers in 2014-15 and in 2015-16 (till the 31st Dec., 2015). The figures for 2012-13 and 2013-14 are not exactly comparable because of differences in coverage. Above figures also imply growth rates of 52.65%, 31.83% and 9.70%, respectively, for Internet subscribers in 2013-14, 2014-15 and in 2015-16 (till the 31st Dec., 2015).

Wireless data usage (GSM, CDMA and 3G) of private and public sector telecom operators as reported by them for the F.Y. 2013-14, F.Y. 2014-15 and F.Y. 2015-16 (Excluding month of March 2016) is as under:

(Data usages in Tera Bytes)

<pre>
TSP F.Y. 2013-14 F.Y. 2014-15 F.Y. 2015-16
(Excl. Mar-16)
Public TSPs 45,485 62,872 86,017
Pvt. TSPs 541,435 881,681 1,297,949
Total 586,919 944,553 1,383,966
</pre>

Source: TRAI

Growth of Minutes of Usage (MoU) from Full Mobility segment

<pre>
Financial year Annual Minutes of Usage (MoU) from Full Mobility Service Segment
Total MoU
(in Crores) MoU of Public Sector
(in Crores) MoU of Private Sector
(in Crores)
2010-11 287700 37238 250462
2011-12 334109 36439 297670
2012-13 341216 38047 303169
2013-14 390929 37395 353533
2014-15 410681 36672 374009
FY 15-16
(from 01.04.2015 to 30.09.2015) 219,036 17,718 201,317
</pre>

Source:TRAI

Growth of International Bandwidth in India (in Gbps)

As on 31.03.2011 (In Gbps) As on 31.03.2012 (In Gbps) As on 31.03.2014 (In Gbps) %age Growth (since 2011)
1110 1876 4101 269.46%
Source: TRAI

Growth of Revenue of Full Mobility Segment from Data services:

Financial year Revenue (in Rs. Crore)
2013-14 15,531
2014-15 24,494
FY 15-16
(from 01.04.2015 to 30.09.2015) 15,728
</pre>
â€¢ The information on revenue from data services is available from the FY 2013-14.
Source: TRAI

TELECOM EQUIPMENTS MANUFACTURING

As regards telecom manufacturing, the Government's pro-active role and its policies in last two years have led to a massive spurt in the manufacturing activities in the Telecom sector. Two very important measures are:

â€¢ Modified Special Incentive Package Scheme (M-SIPS) provides financial incentives to offset disability and attract investments in the manufacturing of electronics products (including telecom). The scheme is available for both new projects and expansion projects. Under the M-SIPS, for telecom, investment proposals worth Rs.8141.26 crores have been received out of which proposals worth Rs.3047.13 crores have been already approved.
â€¢ Apart from the above mentioned recommendations, the Cabinet has also approved the Electronics Development Fund (EDF) Policy in Dec' 2014.

The following data would indicate the growth, even though there are some limitations of data as also explained.

<pre>
Production of mobile handsets in India
YEAR Volume in Mn Value in INR Crores
2013 - 2014 130 26650
2014 - 2015 60 18900
2015 - 2016 110 54000
</pre>
Source: ICA (Indian Cellular Association)

As far as the sharp slump in production in 2014-15 as compared to 2013-14 is concerned, it is caused by the fact of shut-down of the Nokia factory. However, in spite of that unfortunate happening, the production has already almost regained its previous height in terms of number. And, it has surpassed the 2013-14 value by more than 100%.

Total imports during the last three financial years (Amount in Rs.)
<pre>
S.No. Year Value(in crores)
1 2012-13 57208.90
2 2013-14 69516.40
3 2014-15 91683.70
4 2015-16* 86685.40

Exports during the last three financial years (Amount in Rs.)

S.No. Year Value(in crores)
1 2012-13 21717.10
2 2013-14 20475.20
3 2014-15 8569.78
4 2015-16* 6710.46
</pre>
Source: DGCI&S
*Upto Jan 2016

FDI

FDI equity inflow in telecom sector from April, 2014 to February, 2016 has reached to US $ 4091 million which is more than double that came in the corresponding period of previous two years i.e. April, 2012 to March, 2014 (US$ 1611 million).

SCHEME FOR PhDs

The Scheme to enhance the number of PhDs in the Electronic System Design and Manufacturing (ESDM) and IT/IT Enabled Services (ITES) sectors has been approved. 3000 PhDs are proposed to be supported under the Scheme. This, too, aims at boost manufacturing.

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